



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1794 (2024)

September 12, 1988

SUBJECT: Year-end Contracting For Program Loan Making,  
Servicing and Property Management Requirements

TO: State Directors

ATTN: Contract Program Managers

Purpose/Intended Outcome:

The purpose of this AN is to clarify FmHA policy on the continuation of program contracts from one fiscal year to the next. Through field office reviews, we have found contracts geared to expire at fiscal year end, even though the service is still required and the expiring contract had been awarded for less than one year. This practice causes a heavy burden on field offices to compete continuing contractual requirements at the end of each fiscal year.

Comparison with Previous AN:

There are no previous ANs on this subject.

Implementation Responsibilities:

For purposes of fiscal integrity, it is essential that we account for our contracts on a fiscal year basis. However, there are 3 things that may be done within fiscal year parameters to minimize year-end activity.

Expiration Date: August 31, 1989

Filing Instructions:  
Preceding FmHA  
Instruction 2024-A



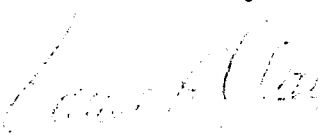
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1. Purchase Order Simplification. The majority of awards in the field are for small purchases of under \$25,000. Small purchase procedures have been greatly simplified and have significantly reduced the time consuming aspects of award. For most awards of less than \$25,000, phone calls to three contractors may be all that are necessary to make an award.

2. Options. Options may be appropriate on contracts above \$25,000. This means that a contract may be extended for an additional 12 months without additional competition. The Contracting Officer must assure that all procedures, as outlined in the FAR, are completed prior to executing an option.

3. Contracts Crossing Fiscal Years. Generally, small purchases are awarded on a fiscal year basis. However, some requirements involving indefinite quantity or requirements type contracts of \$25,000 or more may be awarded on other than a fiscal year basis (e.g., January to December 31). For example, appraisal or exclusive broker contracts awarded in June of one fiscal year may contain a performance period to June of the following fiscal year. Contracts must still be accounted for on a fiscal year basis through the AD-838 process in order that our accounts show which part is paid from which fiscal year. The Contracting Officer awarding these larger contracts must make a decision on what date the contract becomes effective. Program service contracts coordinated to expire at dates other than fiscal year-end can reduce fiscal year-end workload.

State CPMs have not yet been instructed in multiyear contracting procedures. Such instruction is currently scheduled for January of 1989. Questions on use of the 838 procedures for contracts crossing fiscal years may be addressed to Mr. Neddie Winters, FTS 382-8206, or Ms. Sue Poetz, FTS 382-0088, of the Contract Management Branch.



VANCE L. CLARK  
Administrator